

Memorandum

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TO : Kevin D. Rooney, Assistant Attorney General for Administration

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DATE: NOV 25 1978	

FROM : Patricia M. Wald *PMW*
Assistant Attorney General
Office of Legislative Affairs

COMMENT:

SUBJECT: Legislative Proposal to authorize specified benefits for FBI personnel

The Director of the FBI has requested that legislation be sought to provide specified benefits for FBI personnel. The attached memorandum describes the recommended legislative provisions and their justification.

It is requested that you furnish this Office your comments and recommendations on this proposal.



Assistant Attorney General

Office of Legislative Affairs

September 2, 1977

Attention: Mr. H. M. Durham

Director, FBI

LEGISLATIVE PROPOSALS

This memorandum sets forth the FBI's legislative proposals as you requested in your memorandum of August 24, 1977. We are not listing here any of our legislative proposals which we furnished you last fall. We remain interested in those proposals being introduced promptly.

We request the Department propose to Congress that Chapter 57 of Title 5, United States Code, and related statutes, be amended to raise the net weight of household goods and personal effects which a transferred employee may transport at Government expense; to provide money reimbursed to a transferred employee not be considered income for tax purposes; to permit Special Agents in middle and upper management positions to be reimbursed for major moving expenses from their official duty stations at the time of retirement to other locations; and to obtain assistance in connection with the sale of residences in some circumstances.

Satisfying this Bureau's nationwide manpower requirements necessitates transferring Special Agents. FBI Agents are required to move more often than most civilian employees of the Government and individuals employed in the private sector. Agents, transferred for the benefit of the Government, are required to comply with transfer orders. In 1976 and the first three quarters of the current year the FBI transferred nearly 3,000 Agents. In view of the FBI's transfer obligations, we are suggesting several legislative proposals to minimize the financial burden and other hardships imposed on Special Agents.

Existing law imposes a limit of 11,000 pounds on the net weight of household goods and personal effects which a transferred employee may transport at Government expense. A preliminary review of our records suggest that as many as 25 percent of those transferred exceeded the 11,000 pound limit, and, in addition, nearly a third were within 1,500 pounds of exceeding the limit. We note that military personnel are entitled to a maximum weight of 13,500 pounds for their household goods. Perhaps the General Services Administration would be willing to compile any necessary data concerning the adequacy of the 11,000 pound limit.

Secondly, we seek legislation which would provide that reimbursements of moving and related expenses should not be reported as income for tax purposes. The moving expense deduction relieves only to a limited extent the financial burden on a transferred employee. The problem with the deduction is that maximum dollar limitation for expenses of house hunting trips, temporary quarters, qualified residence sale, purchase or lease expenses is \$3,000 of which no more than \$1,500 may be for expenses of house hunting trips and temporary quarters. A sample of transfers indicated that 94 percent of those transferred exceeded the \$3,000 deduction limit, some by as much as \$4,900. Not only did employees have to pay taxes on expenses incurred in connection with official transfers, but in addition the employees were placed in a higher income tax bracket.

The Tax Reform Act of 1976 granted military personnel an exemption similar to that which we seek for our employees. Evidently Congressional enactment of the exemption for the military resulted, at least in part, on finding that the tax law was inequitable to military personnel and because military personnel are required to move more frequently than employees in the private sector. These same considerations appear applicable to the FBI.

Third, we request that you seek legislation to permit Special Agents in middle and upper management positions to be reimbursed for major moving expenses from their official duty stations at the time of retirement to other locations. Many Special Agents in management positions are transferred late in their careers to major metropolitan areas because of the expertise and knowledge they have developed during their careers. The result is that many reach retirement age in a community not particularly favorable to them or their families. The situation in which these Agents find themselves is in marked contrast to most other Government employees who remain close to their homes throughout their years of Government service. Military personnel, following at least eight years of continuing active duty, are entitled to the shipment of household goods from their last or any previous permanent duty station to a location selected upon retirement.

The General Services Administration indicates it is their intention to examine the feasibility of permitting civilian Government employees who retire outside the continental United States to move at Government expense to a selected location at the time of retirement rather than returning an employee to his home leave point. Perhaps the motivating factors behind their planned study would have equal application to the area of our interest.

We also propose legislation to assist with the sale of residences. One of the most important problems faced by Special Agents under transfer is the sale of their houses. Frequently an Agent must report to his new office of assignment and leave his wife and family behind to handle the sale of the house. Depending upon circumstances this forced separation may last for weeks or months. In a number of instances Special Agents have been unable to sell their houses for over a year. We request the Department propose to Congress legislation

Deputy Attorney General
Office of Legislative Affairs

It would provide that in those cases in which an Agent is unable to sell his house within a reasonable period of time, the Government will assume financial responsibility for the house. This is done for military personnel who are required to vacate houses because of the closing of a post in a depressed area, and is a fairly common practice among the more progressive, private employers.

Obtaining legislative relief from some of the burdens, dangers, and other problems presented by the Freedom of Information Privacy Acts (FOIPA) is a matter of great importance to us, and, as you are aware, these problems are being discussed by Department and Bureau representatives. Some legislative proposals may result from those discussions. Also, the Director is scheduled to appear before the Senate Judiciary Subcommittee on Criminal Laws and Procedures in September, 1977, and testify on the impact of the FOIPA on the FBI as a law enforcement agency. Legislative reform may be addressed during that appearance. We are finalizing our thoughts about suggested changes in FOIPA. We do not know if they will warrant Presidential attention.

- The Deputy Attorney General

Honorable G. William Miller
Secretary
Department of the Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

In December of 1977 Attorney General Bell wrote to Secretary Blumenthal regarding a problem of inequitable tax treatment of certain employees of the Federal Bureau of Investigation and the Drug Enforcement Administration. For your information, I am enclosing copies of the Attorney General's and Secretary's correspondence.

Secretary Blumenthal indicated that the matter was being referred to the Office of Tax Policy to study the adequacy of the \$3,000 limit. He welcomed any information we could provide for the study.

We have not had a further request for information nor an explanation of the type of information desired.

We will be most happy to provide any information we can in an effort to aid the adequacy study.

I am most anxious to assist in finding a resolution to this problem. It has been a continuing morale problem and increases in severity during these times of rising costs and inflation.

Sincerely

Benjamin R. Civiletti
Attorney General

Enclosures

cc: DOJ cc: DEA
AG, AAG/Admin. A
CA, MA

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